

Newsletter



BALANCE

Re-charge your cashflow

Electrical Contractors grow business through Invoice Discounting

W. Guthrie Pty Limited Electrical Contractors have utilised Invoice Discounting as part of the successful recovery plan implemented over the past 24 months. W.Guthrie are electrical contractors who primarily work on mechanical service rather than general service. Bill Guthrie founded W. Guthrie Pty Limited 26 years ago and has seen many changes in the electrical technology field, particularly in regard to the building services industry.

A history of success of the company has been recognised by the NSW Small Business Awards in 1990 and 1991, as well as a string of awards from a variety of sources highlighting the company's commitment to the youth of Australia through training in the apprenticeship sector. Their clients include the major air conditioning companies. The company has 25 staff members and has been in existence for 30 years.

As Bill Guthrie explained, "What caused us to look for finance was a downturn in the building industry. Unfortunately, this led to the business

being placed into administration. We were looking at trading out, being in administration obviously made it hard to come across finance. However, after looking at other more traditional forms of finance, Cash Resources looked like the best and most suitable option for us."

Our accountant actually arranged everything for us and we both found Nick Samios, Cash Resources NSW Manager to be very hands on and

"...looking at other more traditional forms of finance, Cash Resources looked like the best and most suitable option for us."

great to work with compared to some other organisations. What Cash Resources promised they could do, happened which was great. So as it turned out, we did not get left with a sour taste in the mouth," Guthrie said.

"We quickly experienced positive business benefits. When we first went to CRA, our turnover was around \$80 – \$100 thousand a month, it's allowed us to increase this by 300% over the past 24 months," Guthrie commented. "Once the finance was in place, it allowed us to quickly grow back again."

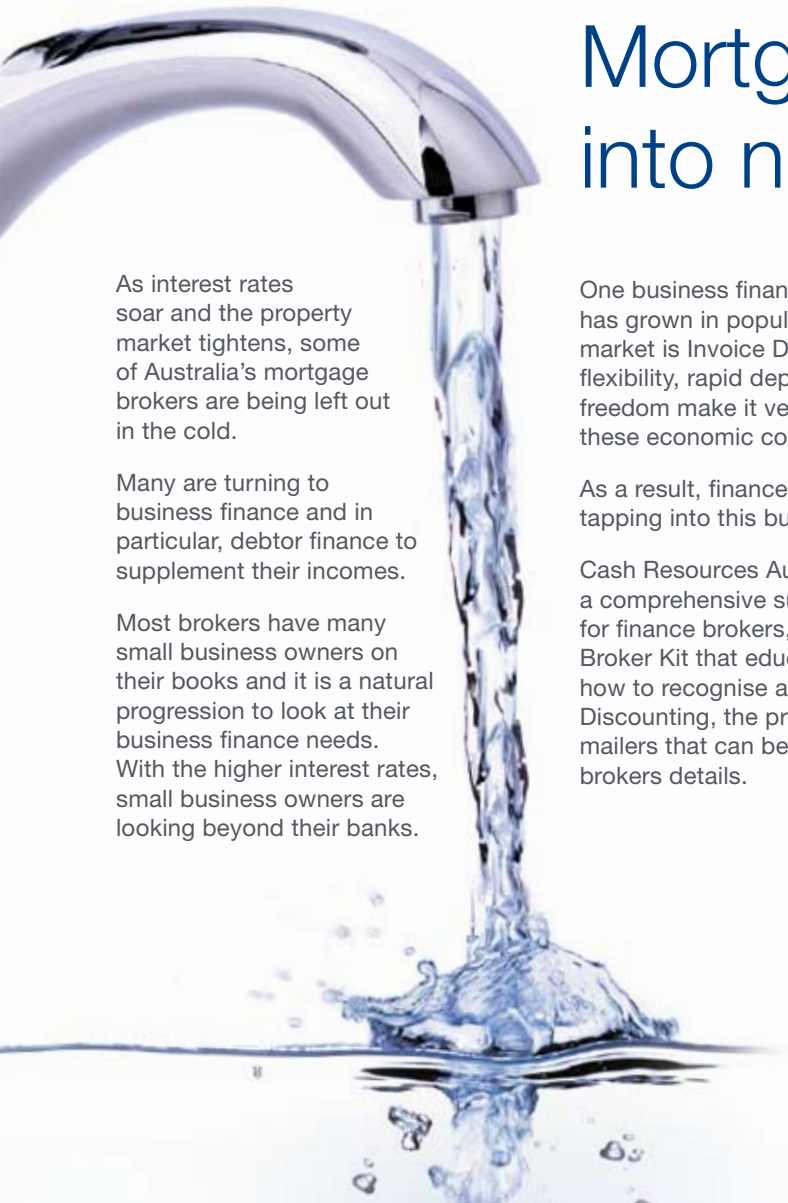
"Cash Resources provided outstanding service. With friendly, professional staff we had access to expert advice and the facility was implemented seamlessly," Guthrie said.



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Mortgage Brokers tap into new revenue stream

As interest rates soar and the property market tightens, some of Australia's mortgage brokers are being left out in the cold.

Many are turning to business finance and in particular, debtor finance to supplement their incomes.

Most brokers have many small business owners on their books and it is a natural progression to look at their business finance needs. With the higher interest rates, small business owners are looking beyond their banks.

One business finance product that has grown in popularity with the SME market is Invoice Discounting. Its flexibility, rapid deployment and freedom make it very attractive in these economic conditions.

As a result, finance brokers are tapping into this business opportunity.

Cash Resources Australia provides a comprehensive support program for finance brokers, including a Broker Kit that educates brokers on how to recognise and sell Invoice Discounting, the processes and even mailers that can be stamped with the brokers details.

According to Cash Resources Managing Director, Alan Kaye, brokers who head down this path have a wonderful opportunity to support their existing revenue stream with excellent ongoing remuneration. Our business consultants are also on hand to provide advice or even assist you to sell and process applications.



To obtain a copy of the Broker Kit, visit www.cashresources.com.au/brokerprogram

Applied Group goes from strength to strength

A Melbourne company, the Applied Group was founded in 1956 by Adolfo Cittadini, a Marine Engineer who settled in Melbourne in 1951. The company, which became known as Applied, set up a factory specialising in combustion applications and equipment.

Some 45 years later, Applied has grown to be a diverse group of companies made up of application engineers who design and manufacture customised mechanical handling and associated combustion and electrical control solutions for primary materials processing and environmental industries.

According to Gianni Lombardi, "Two years ago, our company had debtors that began to stretch payment terms with us and was causing undue

pressure on cashflow. Through careful negotiations with the team at CRA, we were able to find a quick and effective solution to the problems we were facing. We worked together and brought ourselves back into line."

"Today, the relationship has grown stronger and we are now confident enough to offer various different payment packages/options to our clients, knowing full well that we have the complete backing

of CRA. Anything from leases, 120 days, bank guarantees to standard 30 day accounts... We are able to offer anything and everything to our clients and the benefits, it has created are endless. Turnover, profits and cashflow are all increasing...CRA has been an absolute God send to our company!"



Batman villain “Two Face” could have been a banker

In the latest Batman movie, one of the villains is “Two Face” - a good guy turned bad guy who determines the fate of his victims by tossing a coin. And some bankers today seem to be following his lead.

Bankers can be usefully divided into two categories - those in “sales”, and those in “credit”. In the credit bubble environment, “sales” ruled and “credit” did what it was told. But now, what I call the “pendulum of bank benevolence” has swung from “profligacy” to “bastardry”, and the credit people are back in the ascendancy.

When “sales” ruled, small business owners were seduced by their bankers to source all of their funding requirements with their bank, with offers of very low pricing and the empty logic of “one stop shopping”. But now that “credit” is back in town, many SME’s are finding themselves hog-tied and unable to restructure their business finances without refinancing every dollar of debt the business has.

An example will illustrate what I am talking about. I was asked recently to provide a debtor finance facility to an engineering business. They needed my services because they recently shifted premises. As always happens when a business shifts, they had underestimated the costs in terms of

both expenses and lost sales through down time. Their bank (lets call them Big Bank) loaned the business nearly \$1M to buy the new premises only months ago - the old premises had been rented. Yet Big Bank turned them down when they asked for an overdraft extension, and so their finance broker brought the matter to me.

I asked Big Bank to release the business’s debtors from the debenture charge they (Big Bank) held over the business. The Relationship Manager agreed to help, but then, even though the debt was easily covered by mortgages held over the premises and two directors homes, he was over-ruled by “credit” (you can almost hear “Two Face” flipping his coin, can’t you?)

The only option available to this client now is to refinance everything - the overdraft, the business loan, the equipment finance, the property loan on the new commercial premises and the two directors home loans.

In this example, the client effectively has four classes of assets: Commercial property (the premises); personal property (the directors homes); the plant and equipment and; the debtors of the business. I believe that each class of asset should be financed with different lenders – preferably specialists in those asset classes. That way, one asset class can be refinanced without the need of refinancing the other assets.

This client is now at the mercy of the decision processes of the bank, which frankly seem no more sophisticated than that of “Two Face”, with similarly dire consequences for the business.

“...many SME’s are finding themselves hog-tied and unable to restructure their business finances”

This article was taken from the blog site: www.cashflowinjinjas.blogspot.com - facilitated by our NSW State Manager. You can visit that site to receive a free subscription to the weekly updates.

Staff Milestones

David Ciccolella

21 years with Cash Resources



David Ciccolella is the South Australian State Manager for Cash Resources and this year celebrates 21 years with the company.

David has found the debtor finance industry has changed dramatically over the last two decades to now be considered, “an acceptable and legitimate finance product”.

“Previously, debtor finance was perceived as a last resort, banks didn’t offer it and now all the major banks carry it.”

“Interestingly, about 15 years ago, one of the major banks sent around an internal memo to all staff, stating that any company that had factored was to be put on the watch list. Now this bank has the largest debtor finance book in Australia. This demonstrates how the perception has really improved,” David commented.

John Saliba

10 years with Cash Resources



John Saliba is the Operations Manager of the NSW Cash Resources office and this year celebrates the 10 years with Cash Resources milestone. John has

been an integral part of the success of the New South Wales team and has witnessed the growth of the business over his 10 years of service.

John has also noted a growth in the debtor finance industry with Invoice Discounting being far more widely accepted than when he started out. “People used to see debtor finance as a rescue package rather than a helpful working capital facility,” John commented.

The future of debtor finance will prosper according to John, “Banks are currently tightening their belts which works in our favour as we can provide the product when other avenues are not available.”



Skills for a Successful Leader

Leadership can be defined as the ability to influence others. Leadership is rather simple and is built upon basic principles. By following the 7 principals of leadership below, you can become not just a great leader but a success in each and every endeavor.

1. Skillfully motivate.

It is said that the greatest human need is the need to be appreciated. If that be true, as a leader we must have a keen understanding of how to compliment our team, motivating them to perform at their fullest potential. It takes many compliments to overcome a single criticism. Rewarding our team is necessary to maintain good morale and productivity.



2. Coaching our expectations.

A great team always starts with a great leader and coach who sets their expectations at the beginning of the year and maintains high standards throughout the year. No one automatically knows what is expected of them in a new role. We must first coach them, then follow-up on their progress regularly with feedback. Inspect what you expect.

3. Hire the best.

The selection portion of the hiring process is the most important part of recruiting new team mates. During the interview process we learn vital information about the potential candidate. If they are friendly, outgoing, passionate about what they do and they have the qualifications for what you need, you are off to a great start. These qualities are almost impossible to teach.

4. Be a great example.

As a child looks up to us as a parent our team mates watch and observe our behavior intently. The team will work harder and provide better results for a leader who is perceived as fair, that doesn't show favoritism and disciplines bad behavior when needed. Leading by example goes a lot further than our words alone.

5. One person can make all the difference.

Remember as a leader we can cause an organization to succeed or to fail. Our attitude, demeanor, and the way we treat others will snowball throughout the organisation without our knowledge many times. This can be good or bad. Your actions will decide.

6. Practice good communication skills.

Communicate through meetings, notes, e-mail, or with any means necessary to get the point or message across. Group sessions are the most productive because everyone has the opportunity to give their input. Good communication is the key to success.

7. Learn to inspire.

Make an effort each day to give a "pat on the back" for a job well done. Leave thank you cards, or buy someone a coffee for doing more than was asked of them.

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